

**DEPARTMENT OF STATE REVENUE****LETTER OF FINDINGS NUMBER: 01-0357****Income Tax  
For Tax Year 1997**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superceded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE****I. Income Tax—Income From Real Estate Sale**

**Authority:** 45 IAC 1.1-2-4

Taxpayer protests the imposition of income tax on proceeds from the sale of real estate.

**STATEMENT OF FACTS**

Taxpayer is in the business of renting commercial real estate. Taxpayer has rental property in Indiana and several surrounding states. The property is rented to partnerships all in the same business. Taxpayer sold the property to the partnerships at cost at the end of 1997. Taxpayer filed a final return for 1997 and has been inactive since that time. The Indiana Department of Revenue ("Department") conducted an audit for tax years 1995, 1996 and 1997. As a result of this audit, the Department issued a proposed assessment for gross income tax on the proceeds from the sale of real estate located in Indiana in 1997. Taxpayer protested the assessment. Further facts will be supplied as necessary.

**DISCUSSION**

Taxpayer owned and sold real estate in Indiana. Taxpayer protested the imposition of gross income tax on the sale of real estate in Indiana. 45 IAC 1.1-2-4(a)(4)(B) explains that taxable gross income from the sale of real estate is subject to the high rate of tax. Since first filing its protest in this matter, taxpayer has decided not to further protest this assessment.

**FINDING**

Taxpayer's protest is denied.